

Final Report

Potato Workshop & market access plan

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Potato Workshop & market access plan (PU19001)

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Summary

This project for the Fresh Potato SIAP required delivery of the following services:

- Facilitate a workshop to consider issues preventing market access, establish market access priorities and determine next steps for the industry
- Prepare a report in two sections for fresh potatoes (HS070190) and seed potatoes (HS070110) in partnership with the Department of Agriculture and Hort Innovation to summarise market access issues, industry priorities and next steps for seed potato and fresh potato separately with the understanding that these will be later used to inform a full export strategy.
- Prepare an overarching final summary to draw the narrative together.

The project was delayed by the COVID 19 pandemic, which required the workshop to eventually be held in a video format. The **scope** of the workshop discussions included:

- consideration of issues preventing market access
- establishing market access priorities
- exploring next steps for the industry.

The key **output** of the project is a Potato Industry Market Access Plan that also includes a description of the market access process for the purposes of increasing stakeholder understanding so that future efforts to secure market access will be more effective and in the national interest. A summary of the plan has also been produced.

The **target audience** for the market access plan are levy payers, industry stakeholders, state and federal government stakeholders and value chain partners.

The priority markets for access and improvement for potato exports were nominated by industry at the workshop as follows:

Fresh Potatoes (HS070190)	Seed Potatoes (HS070110)
South Korea (improvement)	South Korea (improvement)
Japan (access)	Egypt (access)
Indonesia (improvement)	Indonesia (improvement)
	Thailand (improvement)

Strategic recommendations have also been provided to guide the potato industry's future export efforts, which are currently recognised as being dysfunctional due to a number of legacy issues. The recommendations include the following suggestions for consideration by industry:

1. The development of an informal potato industry export committee to facilitate greater industry collaboration and improved engagement with Hort Innovation, DAWE (for biosecurity issues) and DFAT (for specific tariff and quota trade issues).
2. Delivery of an annual potato industry export forum via video
3. Centralisation of all market access applications through the AUSVEG export team
4. Development of a potato industry export strategy to improve industry access to data and market analysis to inform export decision making.
5. Further coaching of industry to build capability for export growth.

The **desired outcome** of this project was to reach consensus between industry, Hort Innovation and Government about the market access priorities for potatoes and agree the next steps for export market development and document this for distribution to key stakeholders. This has been achieved but ongoing collaboration will be required which will demand cultural change within the industry.

Public summary

A separate summary paper has been prepared.

Keywords

Potato, fresh, ware, seed, crisping, export, market access plan, biosecurity

Introduction

The historical background to this project is that unlike most other exporting horticultural industries, the Australian potato industry did not have an endorsed national market access plan (there had been earlier draft plans that were not universally accepted) and this situation presented a number of problems. Firstly, having such a plan with national industry market access priorities clearly outlined, is a mandated criteria for any industry to put forward a business case to the Independent Market Access Assessment Panel (IMAAP) and ultimately the Department of Agriculture, Water and the Environment (DAWE) for a market access claim. Secondly, the lack of an agreed priority list was not maximising the limited departmental resources available for trade negotiation. An export strategy was produced in 2014, but this was never adopted by industry.

The subject of market access for potatoes in particular, is highly complex, largely due to the fragmented nature of the industry which covers ware, seed and processing potatoes (even within processing potatoes alone the issues are different for both crisping /extrusion and frozen potato products). The export issues for potatoes also differ between States, where each State has a unique market access situation because of varied disease risks or pests of concern. Furthermore, the priorities of growers from different states all vary with respect to their individual target export markets and market development strategies.

The market access priorities for potatoes at a State level usually align with the types of potatoes grown in that state and the markets where they can gain access because favourable protocols exist in relation to their pests of concern. Freight connections are also a factor in the different market development focus. Consequently, each state has its own agenda and differing market priorities. Naturally, these differing priorities contribute to some industry tension.

The significance of this project for industry is that it presents an opportunity to begin a more constructive dialogue within the industry and with Hort Innovation and government, leading towards greater collaboration in pursuing market access/improvement claims and developing export markets.

Methodology

The project methodology entailed the six steps outlined in the table below. It was intended to conduct the industry workshop in person but this was not possible due to COVID 19 travel restrictions. The workshop was conducted by video conference.

While the project contract specified two reports (one for seed and one for ware/crisping), it transpired that there was a lot of commonality in the issues across both HS codes; also, some growers produce both seed and fresh potatoes for export; furthermore, industry bodies do not differentiate by HS code. On the basis of there being no real benefit in repeating the content in two documents, both have been included in the one document for ease of administration but the market access priorities for both HS codes are clearly indicated separately.

Methodology	Outputs
Step 1 Project planning	Project plan
Step 2 Background research	
Step 3 Briefing paper	Briefing paper for pre-reading
Step 4 Workshop planning	Agenda Presentation
Step 5 Workshop facilitation & participation	
Step 6 Reporting	Market Access Plan Final project report Project summary

Outputs

1. Project plan
2. Pre-reading deck for workshop participants
3. Potato industry market access plan
4. Summary

Outcomes

The **outcome** of this project was to reach consensus between industry, Hort Innovation and Government about the market access priorities for potatoes and agree the next steps for export market development and document this for distribution to key stakeholders. This has been achieved but ongoing collaboration will be required which will demand cultural change within the industry.

Monitoring and evaluation

Despite the disruption of COVID 19 and a change of project manager during the course of the assignment, the project has successfully delivered all outputs and the consultants have provided added value to industry by putting forward some strategic recommendations for improvements to the market access/improvement process for consideration.

Recommendations

The recommendations for improvement of the industry's approach to export development and market access efforts are summarised below:

1. It is recommended that a more organised mechanism is actioned to engage with Hort Innovation and Government agencies (both DFAT and DAWE) through one central industry body. It is suggested that an informal potato industry export committee be established along the lines of the summerfruit industry's Summerfruit Export Development Alliance (SEDA). While facilitated by Summerfruit Australia, and officially a sub-committee of that organisation, the SEDA group is self-funded with a small contribution provided by each exporting business. SEDA invests collectively in export market development activity and acts as a united voice to facilitate market access and improvement. Should such a committee for potato exports be formed, it would be important that it has representation from ware, processing and seed potato exporting businesses. The other reason this type of structure could be valuable is because the potato levy funds are not adequate to fund export market development.
2. It is recommended that a short potato industry export forum be held every 12 months (via video to save cost and time) with the export committee members as well as interested parties from the potato growing states, industry representative bodies and export agents. An independent facilitator should be engaged. The annual forum should cover the following export issues:
 - a. Review and update this Potato Industry Market Access Plan in light of the ever changing global market conditions.
 - b. Review and update any market access applications currently sitting in the country pools, in case market conditions, opportunities or industry priorities have changed.
 - c. Identify any protocol markets requiring maintenance to remain open.
 - d. Flag new market development opportunities that require research so that these can be considered by the industry SIAP for investment.
 - e. Provide input into the potato aspects of the Vegetable Industry Export Market Development strategy administered by AUSVEG.
 - f. Review the need for investment in specific research to validate biosecurity claims (e.g. PCN or PSTVd eradication) and forward these to the SIAP for consideration.
 - g. Review the industry biosecurity plan and its implications for exports.
3. It is suggested that all market access/improvement applications be centralised in order to ensure they are 'in the national interest', which is a key evaluative criteria of DAWE. While applications can still be prepared by the various State-based actors, there is an argument to confirm a central administrative point of contact for both the Department and the various state governments and state-based industry bodies. The logical body to act on behalf of industry on the subject of exports is AUSVEG for the following reasons:
 - a. AUSVEG has two highly trained export professionals on staff who already act on behalf of a number of the large exporting companies and who have already had success in driving potato exports.
 - b. AUSVEG also has a biosecurity expert with knowledge of potatoes on staff
 - c. AUSVEG manage the delivery of the Vegetable Industry's current export strategy, which includes potatoes at a high level.
 - d. Although strong state-based industry bodies exist, AUSVEG is the official national representative body for the potato industry and the only organisation with a national focus.
4. The potato industry would benefit from having a three year, rolling export strategy that is updated annually. The industry lacks adequate market data and objective analysis to guide industry export investment. At present, all potential markets are chosen based on instinct or chance rather than a systematic analysis that identifies the best options for investment. A potato industry export strategy could be rolled out of the AUSVEG five year export strategy, but the document would need to provide separate strategies for developing exports of ware, processing and seed potatoes.
5. Even some of the largest potato growers in Australia are not actively exporting despite opportunities being evident. There is a clear need to coach industry for export growth and improve the industry understanding of what is driving fresh potato consumption. Strategic planning for exporting is also a missing skill set at a business level. There are number of existing programs

already operating including AUSVEG's on-line training program and the Hort Innovation project supporting an export facilitator in Tasmania.

Refereed scientific publications

Not applicable

References

All trade data used in the market analysis is fully referenced in the report.

Intellectual property, commercialisation and confidentiality

McKINNA et al's Market Potential index has been used for the market data analysis. The algorithm is confidential.

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Appendices

Final report and summary have been provided to Hort Innovation separately.